

Message Text

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ACTION ARA-10

INFO OCT-01 ISO-00 ARAE-00 AID-05 CIAE-00 COME-00
EB-07 FRB-03 INR-07 NSAE-00 USIA-06 TRSE-00
XMB-02 OPIC-03 SP-02 LAB-04 EPG-02 SIL-01 OMB-01
DODE-00 PM-04 H-01 L-03 NSC-05 PA-01 PRS-01
SS-15 STR-04 INT-05 /093 W
-----251804Z 041832 /44

P 251753Z MAY 77

FM AMEMBASSY MEXICO

TO SECSTATE WASHDC PRIORITY 2365

INFO AMEMBASSY CARACAS

AMEMBASSY KINGSTON

ALL USCONS MEXICO BY POUCH

C O N F I D E N T I A L MEXICO 08260

E. O. 11652: GDS

TAGS: EGIN, JM, MX, EAID, EMIN

SUBJECT: POSSIBLE FINANCIAL ASSISTANCE FOR JAMAICA

REF: A. STATE 115152 B. MEXICO 7884

1. IN NOVEMBER 1974, MEXICO AND JAMAICA SIGNED A BAUXITE AGREEMENT WHICH CALLED FOR AN EVENTUAL JOINT INVESTMENT TO SET UP ALUMINA AND BAUXITE PROCESSING PLANTS IN BOTH COUNTRIES. A COMPANY (JALUMEX) WAS FORMED HEADQUARTERED IN VERACRUZ TO OVERSEE MEXICAN PURCHASES OF JAMAICAN BAUXITE AND PRESUMABLY LATER TO OVERSEE THE JOINT PROJECTS. ACCORDING TO THE JAMAICAN EMBASSY, FEASIBILITY STUDIES HAVE BEEN COMPLETED AND JAMAICA IS READY AND ANXIOUS TO BEGIN CONSTRUCTION. PERCENTAGE OF FINANCING IS UNCLEAR BUT TOTAL COST OF THE PROJECT IS ESTIMATED AT \$500 MILLION (US). (VENEZUELA WAS EXPECTED TO PARTICIPATE IN THIS PROJECT BUT ITS CURRENT POSITION IS UNCLEAR FROM THIS PERSPECTIVE).

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2. WITH THE THIRD WORLD EUPHORIA OF ECHEVERRIA'S FOREIGN POLICY CURBED AND AN ECONOMIC CRISIS FACING MEXICO, THE JAMAICAN EMBASSY HERE IS AFRAID THE GOM WILL BACK OFF ITS COMMITMENT. HOWEVER, JAMAICAN MINISTER OF MINES DUDLEY THOMPSON IS DUE TO VISIT MEXICO NEXT WEEK TO DISCUSS "FINALIZING" THE PROJECT. THE JAMAICAN EMBASSY HAS DE-

SCRIBED THE PROJECT AS "VITAL" FOR THE SURVIVAL OF THE JAMAICAN ECONOMY AND HAS BEEN CAUTIOUSLY OPTIMISTIC ABOUT ITS FUTURE SINCE THE GOM HAS NOT SAID "NO" YET. THEY HOPE A DECISION WILL BE MADE NEXT WEEK DURING THE THOMPSON VISIT.

3. EMBASSY MINERALS OFFICER COMMENT:

A MINING INDUSTRY EXECUTIVE TOLD ME RECENTLY THAT THE MEXICAN MANAGEMENT WAS VERY DISAPPOINTED WITH JALUMEX'S PERFORMANCE TO DATE. HE BELIEVES ASKING PRICE JAMAICA WANTS FOR ITS BAUXITE AND ALUMINA IS TOO HIGH. THE MEXICANS ARE LOOKING FOR AN ALTERNATIVE SOURCE FOR ALUMINA AND MAY HAVE ALREADY FOUND ONE. MEXICAN INDUSTRIAL PENOLES IS CONDUCTING A FEASIBILITY STUDY WHICH SHOULD BE FINISHED IN SEPTEMBER ON A RUSSIAN PROCESS DEVELOPED IN A LAB NEAR LENINGRAD FOR BENEFICIATING NEPHELINE SYENITE CLAY TO OBTAIN ALUMINA (35 PERCENT), SODA ASH, POTASSIUM CARBONATE AND A CLINKER THAT CAN BE USED TO MAKE PORTLAND CEMENT. A SIGNIFICANT MEXICAN DEPOSIT OF SUCH CLAY IS LOCATED IN THE SIERRA DE SAN CARLOS, TAMAULIPAS, LATITUDE 25N, LONGITUDE 99 DEGREES AND HAS ESTIMATED RESERVES OF FIVE BILLION TONS. A SOURCE OUTSIDE OF PENOLES, BUT IN A POSITION TO KNOW, CONFIRMS THESE FIGURES. PENOLES WOULD PROBABLY NEED ONE TO TWO YEARS OF PILOT PLANT OPERATION BEFORE PROFITABILITY COULD BE FINALLY DETERMINED SINCE RUSSIAN DATA ON OPERATING COSTS ARE UNRELIABLE.

4. EMBASSY COMMENT:

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EMBASSY REPEATS ITS ANALYSIS THAT MEXICO IS IN NO POSITION TO OFFER THE KIND OF HELP JAMAICA NEEDS AND IS SEEKING VIA THE BAUXITE AGREEMENT. THE GOM MAY TRY, IN ITS LATEST NEGOTIATIONS WITH JAMAICA, TO MAKE THE DEAL MORE ADVANTAGEOUS FOR MEXICO, BUT IT IS MORE LIKELY THAT MEXICO WILL TRY TO BEG OFF THE ENTIRE PROJECT DESPITE A LINGERING POLITICAL DESIRE TO COMPLY WITH ECHEVERRIA'S PROMISES. MEXICO SIMPLY CANNOT AFFORD IT.

5. ONE BIT OF GOOD NEWS FOR JAMAICA - ON MAY 10, THE GOJ SIGNED AN AGREEMENT WITH THE MEXICAN MARITIME TRANSPORT, SA (TMM), FOR AN EXPANSION OF THE JAMAICAN MERCHANT MARINE (JMM). THE EXPANSION WILL COST \$14 MILLION (JAMAICAN DOLLARS), ONE FOURTH OF WHICH WILL BE PROVIDED BY THE MEXICAN FIRM. ACCORDING TO THE NEWS REPORTS OF THE SIGNING OF THE AGREEMENT, TMM HAS BEEN PROVIDING TECHNICAL ASSISTANCE TO TMM SINCE LAST YEAR (NO FIGURES GIVEN). TMM IS A PRIVATE SHIPPING FIRM BUT REPORTEDLY

HAS SOME GOM PARTICIPATION. CALDERHEAD

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Message Attributes

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Sent Date: 25-May-1977 12:00:00 am
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Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
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Disposition History: n/a
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